

Hon. Lewis A. Kaplan.
Daniel Patrick Moynihan
United States Courthouse
500 Pearl St.
New York, NY 10007-1312
2/20/24

Dear Judge Kaplan:

My name is Daniel Chapsky. I am writing to provide context that may be relevant in the upcoming sentencing decision for Sam Bankman-Fried. Specifically, I want to bring to the Court's attention efforts I witnessed Sam make in the weeks between FTX's collapse and his arrest to recoup funds that could be used to benefit customers. Many of these efforts paid off, and while that does not of course excuse conduct that the jury found he engaged in, I do think it is relevant when considering the right sentence.

By way of background, I am a data scientist, working at the intersection of statistics, computer science and machine learning. My professional specialization is in helping businesses make decisions with data. I spent over half a decade leading a Data Science team at Meta (formerly Facebook) and have consulted with other leading companies as well. My work has been published in academic journals, trade publications and presented at conferences internationally. I hold patents in the fields of secure multi-party computation and machine learning.

More recently though, Between July 2021 and November 2022, I was Head of Data Science for both FTX.US and FTX Digital Markets in the Bahamas, the much larger international entity. My responsibilities and compensation were divided equally between the two entities. I focused on the consumer-facing aspects of the FTX app, worked on certain marketing projects, as well as the design of systems and tools which generated regulatory reporting for a wide variety of jurisdictions including the US, EU, Japan and Australia. As far as I know, none of the tools built under my supervision had anything to do with the misconduct alleged in this case. In fact, as far as I understand it, the analytics systems I built with my team are still used by the FTX Debtor Estate to this day.

FTX was a close-knit community, but I was never part of the inner circle. It was also more similar to a standard west coast tech company / startup than most external onlookers realize. Much was made by the press and during the trial of the lavish excesses of the company leaders - and some of this criticism was of course warranted - however, much of it was simply in line with modern tech culture. The perks that FTX provided to employees are standard in start-ups, but often took extra steps to make those perks work in the Bahamas. Giving employees three meals a day and subsidized housing for moving are fairly standard perks in the tech industry. Marketing strategies involving celebrity endorsements are also similarly common. Many of the marketing and endorsement decisions (at

least during my tenure) were made by the professionals who worked in FTX's broader marketing department, not any of the founding team.

I did not know Sam particularly well prior to November 2022. In many respects, he was like many other mathematically inclined, socially awkward, Ivy League Alumni who disproportionately make up start-up leadership. They tend to be really smart at one thing within the context of their industry but poor at many others, including management. Among the CEOs I have worked with, Sam was better than average at changing his beliefs when confronted with data disproving them, and worse than average at understanding how organizational structure impacts interpersonal issues and company health.

I was in New York, visiting friends when the run on FTX.com began. By the time I landed in Nassau on Nov. 7th, the company was already in shambles. By November 14, I was the only developer and one of only five international employees remaining in the Bahamas. Some had felt the need to "flee", others had simply given up on FTX.

Between those dates I worked directly with the ever-dwindling team on efforts to preserve as much of FTX's assets as possible to maximize repayment for customers.

As the most senior technical employee left globally, I assisted in identifying resources where technical assistance was needed and worked to hire back developers to enhance these efforts, among other things.

My responsibilities were still divided between the Bahamian and US entities, but I was now working with and taking direction from the relevant bankruptcy professionals rather than FTX management in each jurisdiction. The relationship between the bankruptcy professionals in the two jurisdictions was highly adversarial from the start, making for a challenging work environment, but the work I was doing was important enough to both entities that the arrangement persisted until Mid January 2023. During that period, I worked in coordination with a wide array of professionals, including, but not limited to, leaders of the international subsidiaries of FTX, international regulatory bodies, Alvarez and Marsal (A&M), KordaMentha, Sullivan & Cromwell, Sygnia, Alix Partners, Perella, Lennox Paton, and Perella Weinberg Partners (PwC).

Until his arrest on December 12th, I also worked with Sam and could view his behavior as few others could. During those five weeks, as far as I am aware Sam was free to leave the Bahamas for a jurisdiction without an extradition treaty with the US, as did many imperiled crypto and Fintec CEOs before him and CZ after him. He was resolute that he would not leave as long as he thought he could do some good by staying

He worked almost around the clock, to the point of exhaustion. His sole focus was on helping to get customers repaid in full. So was mine. He routinely ignored advice from his parents to work on assembling a legal defense team in the event he was prosecuted. He had no patience for conversations about defending himself. Instead, he offered whatever help he could give to both sets of bankruptcy professionals.

At one point in mid-November, I said to him only half-facetiously, “You know, if I could get people their money back by putting you in prison, I would.” He agreed enthusiastically. One can always read cynical motives into what someone says or does. I will say only that having worked closely with Sam for significant parts of those five weeks and observed his actions, the data speaks louder than words. By the time all other members of FTX’s founding team and senior leadership had given up on helping customers and switched to protecting themselves, Sam kept trying to help.

Sam may never know just how much his early contributions to the rescue effort helped the insolvency professionals globally. However, for leaders in the bankruptcy and restructuring space, it is important to know that early cooperation from Sam (and his other co-founders) saved what I estimate to be dozens if not hundreds of millions of dollars for the FTX estate.

I hope you are able to find a sentence which gives the victims of FTX’s collapse the justice they deserve. But I also hope you are able to find a sentence which helps ensure the next time a tech mogul runs their business into the ground, they focus on protecting their customers first and themselves last. Because the next time someone finds themselves in the surreal position I found myself in, the last person left with a solution fixated, fallen tech mogul, I hope they see the same thing I did - someone obsessively trying to help.



Daniel Chapsky